IN THE CLAIMS:

The following is a complete listing of the claims in this application, reflects all changes currently being made to the claims, and replaces all earlier versions and all earlier listings of the claims:

1. (Currently Amended) An image distribution system in a virtual space system composed of terminal apparatuses respectively provided at plural users and a server apparatus connected to the terminal apparatuses through a communication channel for constructing a virtual space for distributing an image among the terminal apparatuses, wherein each of the terminal apparatus apparatuses comprises:

display means for displaying one of a first virtual area to show a condition of each of the plural users with <u>respective</u> images and text and a second virtual area to have a conference in a screen in response to designation by each of the plural users;

image obtaining means for obtaining the <u>respective</u> images of the plural users;

image compression means for compressing the image data with a quantization coefficient,

determining means for determining whether each of <u>the respective</u> images of the plural users obtained by said image obtaining means is arranged in the first virtual area or in the second virtual area;

control means for controlling said image compression means to make compressed image data by compressing data of the <u>respective</u> images of the plural users with a first quantization coefficient in case that each of the <u>respective</u> images of the

plural users obtained by the <u>said image</u> obtaining means is arranged in the first virtual area or by compressing data of the <u>respective</u> images of <u>the</u> plural users with a second quantization coefficient smaller than the first quantization coefficient in case that the <u>respective</u> images of the plural users obtained by the <u>said image</u> obtaining means is arranged in the second virtual area; and

transmission means for transmitting the compressed image data of the <u>image respective images</u> of the <u>user plural users</u> to the server apparatus.

- 2. (Canceled)
- 3. (Currently Amended) [[A]] <u>The</u> system according to claim 1, wherein

said image obtaining means includes size conversion means for converting the a size of the respective obtained image images, and cut-out means for cutting out a predetermined area from the respective obtained image images, and

said control means selects an output of said the size conversion means or said the cut-out means according to an area where each of the respective images of the plural users is arranged.

4. (Currently Amended) [[A]] The system according to claim 1, wherein

said image obtaining means includes image pickup means for converting an optical image into an electrical signal and image pickup control means for

controlling an area and a direction to pick-up the optical image by said the image pickup means; and

said control means controls the image pickup area of said the image pickup means through said the image pickup control means according to an area where each of the respective images of the plural users is arranged.

5. (Currently Amended) [[A]] <u>The</u> system according to claim 1, wherein

said image obtaining means includes plural image pickup means for converting an optical image into an electrical signal; and

said control means selects one of the outputs of said the plural pickup means according to an area where each of the respective images of the plural users is arranged.

6. (Currently Amended) An image distribution system in a virtual space system composed of terminal apparatuses respectively provided at plural users and a server apparatus connected to the terminal apparatuses through a communication channel for constructing a virtual space including a first virtual area to show a condition of each of the plural users with image respective images and text and a second virtual area to have a conference for distributing an image among the terminal apparatuses, wherein each of the terminal apparatuses comprises:

image obtaining means for obtaining the <u>respective</u> images of the plural users;

transmission means for transmitting the image respective images obtained by said image obtaining means, to the server apparatus; and

reception display means for receiving and displaying [[a]] the respective image images in the respective terminal apparatuses transmitted from said the server apparatus; and

wherein the server apparatus comprises:

image process means for processing the image respective images transmitted from each of the respective terminal apparatuses;

obtained at a target terminal apparatus of delivery each of the respective images of the plural users is arranged in the first virtual area or in the second virtual area;

control means for controlling said image process means to make compressed image data by compressing data of the respective image in each of the terminal apparatuses for the target terminal apparatus images of the plural users with a first quantization coefficient in case that the image of the user at the target terminal apparatus is each of the respective images of the plural users are arranged in the first virtual area or by compressing data of the respective image in each of the terminal apparatuses for the target terminal apparatus images of the plural users with a second quantization coefficient smaller than the first quantization coefficient in case that the image of the user respective images of the plural users obtained by said image obtaining means is are arranged in the second virtual area; and

distribution means for distributing the compressed image data to the target terminal apparatus.

7. (Currently Amended) [[A]] <u>The</u> system according to claim 6, wherein

said image process means includes recompression means for recompressing image data, and

said control means controls a compression parameter at the recompression means, according to an area where the image of each of the each of the respective images of the plural users at the target terminal is arranged.

8. (Currently Amended) [[A]] <u>The</u> system according to claim 6, wherein

said image process means includes size conversion means for converting the size of the image respective images and cut-out means for cutting out a predetermined area from the image respective images; and

said control means selects the output of said the size conversion means or said the cut-out means according to an area where the image of the user at the target terminal each of the respective images of the plural users is arranged.

9.- 13. (Canceled)

of terminal apparatuses distributes an image in a virtual space system composed of the terminal apparatuses respectively provided at plural users and a server apparatus connected to the terminal apparatuses through a communication channel for constructing a virtual

space including a first virtual area to show a condition of each user of the plural users with image respective images and text and a second virtual area for distributing an image among the terminal apparatuses, said method comprising the steps of:

determining whether each of the respective images of the plural users obtained at a target terminal apparatus of delivery is arranged in the first virtual area or in the second virtual area;

making compressed image data by compressing data of each of the respective images of the plural users obtained at the terminal apparatuses for the target terminal apparatus with a first quantization coefficient in case that the image of the user at the target terminal apparatus is the respective images of the plural users are arranged in the first virtual area or by compressing data of each of the respective images of the plural users obtained at the terminal apparatuses for the target terminal apparatus with a second quantization coefficient smaller than the first quantization coefficient in case that the image of the user respective images of the plural users obtained by the image obtaining means is in the determining step are arranged in the second virtual area; and

distributing the compressed image data to the target terminal apparatus.

15. (Currently Amended) [[A]] The method according to Claim 14, wherein said server apparatus recompresses data of the image transmitted from each terminal apparatus with a recompression parameter according to an area where the image of the user each of the respective images of the plural users is arranged and distributes the image to each terminal apparatus.

16. (Currently Amended) [[A]] <u>The</u> method according to Claim 14, wherein said server apparatus applies either of image size conversion and predetermined area cutting-out to the image <u>data</u> transmitted from each terminal apparatus according to an area where the image of the user <u>each of the respective images of the plural users</u> is arranged and distributes the image to each terminal apparatus.

17. (Canceled)

18. (Currently Amended) An image distribution method in a virtual space system composed of terminal apparatuses respectively provided at plural users and a server apparatus connected to the plural terminal apparatuses through a communication channel for constructing a virtual space including a first virtual area to show a condition of each user of the plural users with image respective images and text and a second virtual area to have a conference for distributing an image among the terminal apparatuses, wherein said method comprises the steps of:

obtaining an image of a user the respective images of the plural users;

determining whether the image of the user each of the respective images of the plural users is arranged in the first virtual area or in the second virtual area in a screen in response to the user's designation;

making compressed image data by compressing data of the image of the user respective images of the plural users with a first quantization coefficient, in case that the image of the user each of the respective images of the plural users obtained in said

step of obtaining the image of the user respective images of the plural users is arranged in the first virtual area or by compressing data of the image of the user respective images of the plural users with a second quantization coefficient smaller than the first quantization coefficient in case that the image of the user each of the respective images of the plural users obtained in said step of obtaining the image of the user respective images of the plural users is arranged in the second virtual area; and

transmitting the compressed image data of the image respective images of the user plural users to the server apparatus.